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SUBJECT: A POTENTIAL POWERHOUSE AMONG NIGERIAN PRIVATE  
TELEPHONE OPERATORS

**¶11.** (U) Summary. Odua Telecommunications, a subsidiary of Nigeria's Odua Investment Group, is one of a handful of private telephone operators. The firm won several 3.5 GHz licenses in June 2002 and hopes to break new ground in Nigeria's southwest by introducing improved fixed wireless services. If it succeeds, it will connect over a million customers to Nigeria's communications network and clinch a position as the country's largest fixed wireless operator. End summary.

**¶12.** (U) Odua has the potential to dominate the southwest region's telecommunications industry. The firm won the right to provide fixed wireless services in three of Nigeria's southwestern states, Ekiti, Ondo and Osun, in June 2002 and acquired licenses to provide services in two more states, Ogun and Oyo, when the original licensees failed to pay a performance bond. Odua has completed almost half of a microwave radio transmission backbone spanning the five states, and it hopes to finish work in March 2004, construct a complete loop by the end of the year, and begin expanding into Kwara and Kogi states shortly thereafter.

**¶13.** (U) Given the firm's ambitious expansion plans, it is not surprising that Odua's Chief Technical Officer, Olusegun Owolabi, is an optimistic fellow. Right now, he says, the firm has an installed capacity of 100,000 lines. Owolabi expects capacity to increase to 760,000 lines by the time the first half of the network is finished, and he expects it to increase to 1.1 million lines by the time the loop is completed.

**¶14.** (U) If Owolabi's expectations are met, Odua will become Nigeria's largest fixed wireless operator. With 1.1 million lines, Odua's capacity will exceed that of the country's national operator, Nigeria Telecommunications Limited (which has only half a million fixed lines) and come close to matching that of the country's leading global system for mobile communications (GSM) provider, MTN Nigeria Communications Limited, which has 1.5 million subscribers. Owolabi hopes the introduction of fixed wireless services will reduce traffic on Nigeria's over-subscribed GSM networks and improve the overall quality of communications, particularly through the introduction of an alternative to Nigeria's national operator.

**¶15.** (U) Like other telecommunications firms, Odua has had to build its own backbone. Much of its equipment is supplied by Harris Communications Systems Nigeria Limited, the local subsidiary of U.S.-based Harris Corporation, one of the world's leading providers of telecommunications equipment and services. Odua works closely with Harris and other U.S. firms, and Owolabi expects the relationship to continue. He also expects to draw on the relationship to expand into rural telephony. In fact, Owolabi believes Odua's reliance on U.S. suppliers will improve the firm's chances of securing a \$20 million U.S. Export-Import Bank loan to finance the construction of rural switches across Nigeria's southwest.

**¶16.** (U) Owolabi plans, too, to implement a \$5.4 million e-learning project through the University of Ibadan, once one of West Africa's premier universities. Odua has agreed to supply 4,000 lines to the school, which ultimately hopes to work with Columbia, Johns Hopkins and Stanford Universities to provide online and video-conferenced courses to students. If the school succeeds, it will be among the first Nigerian universities to introduce such technology.

**¶17.** (U) Comment. Odua is one of only seven or eight functioning private telephone operators in Nigeria. Twenty-six firms won 3.5 GHz licenses in June 2002, but only a handful have begun operating. As such, Odua's competition is limited. If its introduction of fixed wireless services is successful, it can easily establish itself as one of the Nigerian telecommunications industry's major players. It stands a chance of vastly improving access to communications

services across the southwest, as well as of significantly expanding rural telephony and students' access to advanced technology. Given its reliance on U.S. suppliers, Odua may also open doors to U.S. businesses seeking to enter the Nigerian market. Odua is a firm to be watched. If it succeeds, other firms may follow its lead. End comment.

HINSON-JONES